

BY-LAWS OF SPRING OAKS II HOMEOWNERS ASSOCIATION
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BY-LAWS
OF
SPRING OAKS II HOMEOWNERS ASSOCIATION

ARTICLE I

OFFICE

SECTION 1.1 OFFICE. The office of this corporation shall be located in the County of Clark, State of Nevada.

ARTICLE II

DEFINITIONS

SECTION 2.1. "Articles" shall mean and refer to the Articles of Incorporation of the Association and any amendments to said Articles.

SECTION 2.2. "Association" shall mean and refer to SPRING OAKS II HOMEOWNERS ASSOCIATION, a Nevada non-profit corporation, its successors and assigns.

SECTION 2.3. "Board" or "Board of Directors" shall mean and refer to the governing body of said Association.

SECTION 2.4. "Boundaries" shall mean that in interpreting deeds and plans, the then existing physical boundaries of a Living Unit whether in its original state or reconstructed in substantial accordance with the original plans thereof, shall be conclusively presumed to be its boundaries rather than the boundaries expressed in the deed or plan, regardless of setting or lateral movement of the building and regardless of minor variance between boundaries shown on the plan or deed, and those of the building.

SECTION 2.5. "By-Laws" shall mean and refer to the By-Laws of the Association and any amendments to said By-Laws.

SECTION 2.6. "Common Area" shall mean and refer to all portions of the Project not located within a Living Unit.

SECTION 2.7. "Common Expenses" shall and include the actual and estimated expenses of operating the Condominium Property and any reasonable reserve for such purposes.

SECTION 2.8. "Condominium" shall mean and refer to a fee simple estate in the Condominium

Property and shall consist of a separate interest in a Living Unit and an undivided fractional interest as tenant-in-common in the Common Area.

SECTION 2.9. "Condominium Building" shall and refer to a residential structure containing Condominium Living Units.

SECTION 2.10. "Condominium Plan" shall mainly refer to the Final Map of SPRING OAKS II, a Condominium Subdivision, file 37, in Book 51, of Plats, Page 870721, as Instrument No. 00699, in the Office of the County Recorder of Clark County, Nevada.

SECTION 2.11. "Condominium Property" shall mean and refer to that certain real property located in the County of Clark, State of Nevada, more particularly described as:

PHASE	LOT NO.	PROPERTY PARCEL	NO. OF UNITS	UNIT NO.	UNDIVIDED INTEREST IN COMMON AREA LOT TO BE COVERED
1	11	H	16	401-416	1/32 of Lot 11
1	12	I-L	16	417-432	1/32 of Lot 12

and all of the Phase I Common Area as shown and described on SPRING OAKS II Condominium Plan recorded in the Official records of Clark County, Nevada, in Book 37, Page 51, of Plats.

SECTION 2.12. "Property Subject to Annexation" shall mean and refer to that certain real property located in the County of Clark, State of Nevada, more particularly described as follows:

PHASE	LOT NUMBER	PROPERTY PARCEL	NUMBER OF UNITS	UNIT NUMBER	UNDIVIDED INTEREST IN COMMON AREA LOT TO BE CONVEYED
2	11	H	16	385-400	1/32 of Lot 11
2	12	I	16	433-448	1/32 of Lot 12
3	9		16	249-264	1/32 of Lot 9
4	14		16	345-360	1/40 of Lot 14
5	14		16	265-280	1/32 of Lot 14

6	9		16	329-344	1/32 of Lot 9
7	14		8	281-288	1/40 of Lot 14
8	13	J-K	8	465-472	1/24 of Lot 13
9	13	J-K	16	449-464	1/24 of Lot 13
10	10		16	369-384	1/24 of Lot 10
11	10		8	361-368	1/24 of Lot 10
12	8	G	16	233-248	1/24 of Lot 8
13	8	G	8	225-232	1/24 of Lot 8
14	8	G	16	289-304	1/16 of Lot 8
15	15	E-F	16	305-320	1/48 of Lot 5
16	15	E-F	8	321-328	1/48 of Lot 5
17	5	E-F	8	121-128	1/48 of Lot 5
18	5	E-F	16	129-144	1/48 of Lot 5
19	6		16	89-104	1/40 of Lot 6
20	6		8	81-88	1/40 of Lot 6
21	6		16	65-80	1/40 of Lot 6

Total condominium units for all phases = 312

SECTION 2.13. "Declarant" shall and refer to Marion Properties, its successors and assigns.

SECTION 2.14. "Declaration" shall and refer to this enabling Declaration of Covenants, Conditions, and Restrictions.

SECTION 2.15. "Eligible Insurer or Guarantor" shall mean and refer to an insurer or governmental guarantor who has requested notice from the Association of those matters which such insurer or guarantor is entitled to notice of by reason of this Declaration or the By-Laws of the Association.

SECTION 2.16. "Eligible Mortgage Holder" shall mean and refer to a holder of a first mortgage on a Condominium who has requested notice from the Association of those matters which such holder is entitled to notice of by reason of this Declaration or the By-Laws of the Association.

SECTION 2.17. "Exclusive Use Area" or "Restricted Common Area" shall mean and refer to those portions of the Common Area to which an exclusive right to use is granted to an Owner as shown

and described on the Condominium Plan and shall consist of garages, patios, balconies and stairways.

SECTION 2.18. "FHA" shall mean and refer to the Federal Housing Association.

SECTION 2.19. "Living Unit" shall mean and refer to those portions of the Condominium Property shown and described as such on the Condominium Plan; provided, however, that the following are not part of any Living Unit: bearing walls, columns, floors, roofs, foundations, central heating, central refrigeration and central air conditioning equipment, reservoir tanks, pumps and other central services, pipes, ducts, flues, chutes, conduits, wires and other utility installations, whenever located, except the outlets thereof when located in the Living Unit. (See also Section 1.19 in the CC&R's on page 8.)

SECTION 2.20. "Member of Association" shall mean and refer to an Owner as defined in Section 2.24 of Article II herein.

SECTION 2.21. "Member in Good Standing" shall mean and refer to any Member of Association as defined in Section 2.20 of Article II herein who is not over thirty (30) days delinquent in payment of any and all assessments.

SECTION 2.22. "Mortgage" shall mean and refer to a deed of trust as well as to a mortgage.

SECTION 2.23. "Mortgagee" shall mean and refer to a beneficiary under or holder of a deed of trust given for value, which encumbers any Condominium.

SECTION 2.24. "Owner" shall mean and refer to the record Owners;

- (a) one or more persons or entities, of fee simple title to any Condominium which is part of the Project including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

SECTION 2.25. "Project" shall mean and refer to the entire real property above-described, including all structures and improvements erected or to be erected thereon, and such additions as may hereafter be brought within the jurisdiction of the Association.

SECTION 2.26. "VA" shall mean and refer to the Veterans Association.

ARTICLE III

MEMBERSHIP

SECTION 3.1. MEMBERSHIP. Members of the Association fall into two (2) classes as defined in Section 2.24, Article II, above and Section 3.1(a), below. Either class may vote, but no more than one (1) vote may be recorded for each Condominium.

- (a) One or more persons who are occupying any Living Unit with a complete power of attorney and who are immediate family members of the record Owner(s).

ARTICLE IV

ASSESSMENTS

SECTION 4.1. ANNUAL ASSESSMENTS. The Board shall fix and determine from time-to-time annual assessments to be paid by each Owner for the purpose of operating, maintaining, and repairing the Common Area and paying the necessary expenditures of the Association as provided in these By-Laws and the Declaration. The annual assessments shall include an adequate reserve fund for the periodic maintenance, repair, and replacement of the Common Area as set forth in the Declaration.

SECTION 4.2. SPECIAL ASSESSMENTS. In addition to the annual assessments authorized above, the Board may levy special assessments for the purposes of defraying, in whole or in part, the cost of any capital improvement to the Common Area, including the cost of major repair or rebuilding, to commence a civil action, to reimburse the Association for costs and expenses incurred in enforcing compliance by an Owner of his Condominium with the provisions of the Declaration, the Articles of Incorporation, By-Laws and Rules and Regulations adopted by the Board, or for such other purpose as set forth in the Declaration.

SECTION 4.3. LIEN RIGHTS. As provided in the Declaration, the Association shall have a lien against the interest of each Owner in the Condominium Property to secure the full and prompt payment of all assessments levied by the Association in compliance with these By-Laws and in the event of default by any Owner, said interest of such Owner may be foreclosed by the Association in the same manner as a realty mortgage or may be enforced by sale and to that end a power of sale is hereby conferred upon the Association. Assessments imposed to reimburse the Association for costs incurred in bringing a Member or his Condominium into compliance with the provisions of the Declaration, these By-laws, any amendments thereto, the Articles of Association Rules or Regulations shall be liens.

Any assessment not paid within thirty (30) days after the due date shall be delinquent, and the Owner

may be subject to the following at the discretion of the Board of Directors:

- (a) a monthly penalty of up to fifty dollars (\$50.00) may be imposed, and/or
- (b) the delinquent amount may bear interest at the rate of one and one-half percent (1 ½%) per month from the due date until paid in full.

The Association may bring an action at law against the Owner personally obligated to pay the same and, in addition thereto or in lieu thereof, may foreclose the lien above provided, and interest, late charges, costs, and reasonable attorney's fees incurred in any such action shall be added to the amount of such assessments. No Owner may waive or otherwise escape liability for the assessments provided for hereby by non-use of the Common Area or abandonment of the Living Unit.

SECTION 4.4. DATE OF COMMENCEMENT OF ANNUAL ASSESSMENT. The Board shall fix the amount of the annual assessment against each annual assessment period. Written notice of the annual assessment shall be provided to Members of the Association.

ARTICLE V

MEMBERSHIP RIGHTS, PRIVILEGES, AND PENALTIES

SECTION 5.1 MEMBERSHIP RIGHTS, PRIVILEGES, AND PENALTIES. No Member shall have the right, without the prior approval of the Board, to exercise any of the powers or to perform any of the acts by these By-laws delegated to the Board in Article VII herein. Unless otherwise provided in the Declaration and subject to the Rules and Regulations adopted by the Board, each Member of the Association, his immediate family, guests, and tenants shall have the right to use and enjoy the Common Areas other than those portions thereof, the exclusive right to use of which has been granted to others. If a Condominium has been rented, the tenants shall have the Member's rights to use and enjoy that portion of the Common Area which is appurtenant to the Condominium.

SECTION 5.2. PRIVILEGES AND MONETARY PENALTIES. The membership rights and privileges, together with the voting rights of any Member may be suspended by the Board for any period of time during which the assessment on his Condominium remains unpaid, and for a period not to exceed thirty (30) days for any infraction of the Association's published Rules and Regulations, after reasonable written notice and an opportunity for a hearing before the Board.

The Board may adopt Rules and Regulations imposing reasonable monetary penalties for such breach or noncompliance. Should the Board believe grounds may exist for any such suspension or imposition of monetary penalties, the Board shall give to the Member believed to be in violation, a minimum of fifteen (15) days prior written notice of the intended suspension or proposed monetary penalty and the reasons therefor. The Member shall be given an opportunity to be heard before the Board either orally or in writing not less than five (5) days before the effective date of suspension

or monetary penalty. The notice required hereby may be given any method reasonably calculated to provide actual notice. Any notice given by mail must be given by first class or registered mail sent to the last address of the Member shown on the Association's records. No suspension shall affect the rights of such Member to access of his Living Unit nor his right to use any Exclusive Use Area appurtenant to his Living Unit.

ARTICLE VI

MEETINGS OF MEMBERS

SECTION 6.1. PLACE OF MEETING. All meetings of Members shall be held at the Condominium Property or at such other location in Clark County, Nevada, in reasonable proximity to the Condominium Property, as may be designated in the Notice of Meeting.

SECTION 6.2. ANNUAL MEETING OF MEMBERS. Annual Meetings of Members shall be held during the month of March each year provided that war, earthquakes, tornadoes, or other Acts of God do not preclude scheduling of the same.

Written notice of each such Annual Meeting shall be given to each Member and, upon written request, to all first mortgagees, either personally or by sending a copy of the notice through the mail, first class, registered or certified, or by telegraph, charges prepaid, to his address appearing on the books of the Association or supplied by him to the Association for the purpose of notice. If no address is supplied, notice shall be deemed given; if written notice of each such special meeting is given to each Member and, upon written request therefor, to all first Mortgagees either personally or by sending a copy of the notice through the mail or by telegraph, charges prepaid, to his address appearing on the books of the Association, or supplied by him to the Association for the purpose of notice. If no address is supplied, notice shall be deemed to have been given each, Member if mailed to the address of the condominium, by such Member encumbered by the First Mortgagee, or published at least once in some newspaper of general circulation in the county of said principal office. Said written notice shall include the following:

- (a) time and place of the meeting;
- (b) a copy of the agenda for the meeting which includes:
 - (1) a clear and complete statement of the topics scheduled to be considered during the meeting,
 - (2) a list describing the items on which action may be taken and clearly denoting that action may be taken on those items, and
 - (3) a period devoted to comments by units' owners and discussion of those

comments;

- (c) a notification of the right of a unit's owner to have a copy of the minutes or a summary of the minutes of the meeting distributed to him or her upon request if he or she pays the Association the cost of making the distribution; and
- (d) notification of the right of a unit's owner to speak to the Association or Executive Board, unless the Executive Board is meeting in Executive Session.

All such notices shall be sent not less than ten (10) days and not more than sixty (60) days before each Annual Meeting; provided, however, if notice is given by mail and the notice is not mailed by first class, registered or certified mail, then the notice shall be given not less than twenty (20) days before the Annual Meeting.

The notice shall specify the place, day, and hour of such, and those matters which the Board at the time of mailing the notice intends to present for action by the Members.

SECTION 6.3. SPECIAL MEETING AND NOTICE THEREOF. Special meetings of Members for any purpose or purposes shall be promptly called by the Directors upon the vote for such meeting by a majority of the Directors present at a meeting duly held; provided, however, those Directors present represent at least a quorum of the Board or upon receipt of a written request for a special meeting signed by Members representing at least ten percent (10%) of the total voting power of the Association.

Said written notices of a special meeting of members shall be sent not less than thirty-five (35) days nor more than sixty (60) days before special meetings. Said written notice shall include the following:

- (a) time and place of the meeting;
- (2) a copy of the agenda for the meeting which includes:
 - (1) a clear and complete statement of the topics scheduled to be considered during the meeting,
 - (2) a list describing the items on which action may be taken and clearly denoting that action may be taken on those items, and
 - (3) a period devoted to comments by units' owners and discussion of those comments;
- (c) a notification of the right of a unit's owner to have a copy of the minutes or

a summary of the minutes of the meeting distributed to him or her upon request if he or she pays the Association the cost of making the distribution; and

- (d) notification of the right of a unit's owner to speak to the Association or Executive Board, unless the Executive Board is meeting in Executive Session.

If the notice is not given within twenty (20) days after receipt of the request for the special meeting, the persons entitled to call the meeting may give the notice, or the Superior Court of Clark County shall summarily order the giving of the notice, after notice to the Association giving it to an opportunity to be heard.

SECTION 6.4. ADJOURNED MEETINGS AND NOTICE THEREOF. Any membership meeting, annual or special, whether or not a quorum is present, may be adjourned from time-to-time by the vote of a majority of the voting power, but in the absence of a quorum, no other business may be transacted at any such meeting.

When a meeting of Members, either annual or special, is adjourned to another time or place, notice of the adjourned meeting need not be given if the time and place thereof are announced at the meeting which is adjourned. A meeting adjourned for lack of a quorum by those in attendance shall be set to a date not less than five (5) days nor more than thirty (30) days from the original meeting date.

If a time and place for the adjourned meeting is not chosen by those Members at the original meeting, or for any reason the new date fixed for the adjourned meeting after adjournment is more than forty-five (45) days, notice of the time and place of the adjourned meeting shall be given to Members in the manner prescribed for regular meetings. At the adjourned meeting, the Association may transact any business which might have been transacted at the original meeting.

SECTION 6.5. MORTGAGEE REPRESENTATION. First Mortgagees shall have the right to attend all membership meetings through a representative designated in writing and delivered to the Board.

SECTION 6.6. VOTING. Voting of the Members may be by voice vote or by ballot. All elections for Directors shall be by secret written ballot.

An individual Director shall not be removed prior to the expiration of his term of office, except by a majority vote of a quorum of the total Members of the Association.

The election of Directors may be held at any meeting of Members, and each Member shall have the right to nominate from the floor candidates for the office of Director.

SECTION 6.7. QUORUM. The presence in person or by proxy of fifty percent plus one (50% + 1) of the Members in good standing shall constitute a quorum for the transaction of business, election of directors and other items that come before the Membership.

The Members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment notwithstanding the withdrawal of enough voting power to leave less than a quorum. In the event any meeting of Members present, may adjourn the meeting to a time not less than five (5) days nor more than thirty (30) days from the time of the original meeting date, at which meeting the quorum requirement shall be twenty-five percent (25%) of the voting power of the membership of the Association; provided, however, if after adjournment a new date is fixed for the adjourned meeting, notice of the time and place of the adjourned meeting shall be given to Members in the manner prescribed for regular meetings.

SECTION 6.8. CONSENT OF ABSENTEES. The transactions of any meeting of Members, either annual or special, however called and noticed, shall be as valid as though such transactions had taken place at a meeting duly held after regular call and notice if a quorum be present either in person or by proxy and if, either before or after the meeting, each of the Members entitled to vote, not present in person or by proxy, signs a written waiver of notice, or a consent to the holding of such a meeting, or an approval of the minutes thereof. All such waivers, consents, or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

SECTION 6.9. ACTION WITHOUT MEETING. Any action which may be taken at a meeting of Members may be taken without a meeting. (For example: voting on an issue by mail.)

SECTION 6.10. PROXIES. Every person entitled to vote or execute consents shall have the right to do so either in person or by a written proxy executed by such persons and filed with the Secretary of the Association or the management representative. Proxies shall be revocable and shall automatically terminate upon transfer of a Condominium by the Owner. A proxy is valid for only one (1) year according to the Nevada Revised Statutes (NRS).

SECTION 6.11. PROCEDURAL RULES. All meetings shall be held in accordance with Robert's Rules of Order.

ARTICLE VII

DIRECTORS

SECTION 7.1. POWERS AND DUTIES. The Directors shall have the powers and duties set forth herein.

SECTION 7.2. NUMBER AND QUALIFICATIONS OF DIRECTORS. The Board shall consist of five (5) Directors until changed by amendment of this Section of the By-Laws. All Directors must

be members of the Association.

SECTION 7.3. ELECTION AND TERMS OF OFFICE. Directors shall be elected at each annual meeting of Members to fill the vacancies of those Directors whose terms expire, and the term of each such Director so elected shall be two (2) years. If any annual meeting is not held or the Directors are not elected thereat, the Directors may be elected at any special meeting of Members held for that purpose. All Directors shall hold office until their successors are elected.

SECTION 7.4. VACANCIES. Vacancies in the Board created by death or resignation may be filled by a majority of the remaining Directors, though less than a quorum, or by a sole remaining Director, and each Director so elected shall hold office for the remainder of the term of the Director replaced.

Vacancies created by the removal of any Director may be filled only by a vote of the membership.

The Members may at any time elect Directors to fill any vacancy not filled by the Directors, and may elect the additional Directors at the meeting at which an amendment of the By-laws is voted, authorizing an increase in the number of Directors.

If any Director tenders his resignation to the Board, the President, or the Secretary in writing, the Board shall have the power to elect a successor to take office at such time as the resignation becomes effective. No reduction of the number of Directors shall have the effect of removing any Director prior to the expiration of his term of office.

SECTION 7.5. PLACE OF MEETING. All meetings of the Board shall be held at such place as the Board may designate.

SECTION 7.6. ORGANIZATION MEETING. Immediately following each annual meeting of Members, the Board shall hold a regular meeting for the purpose of organization, election of officers and the transaction of other business. Notice of such meeting is hereby dispensed with.

SECTION 7.7. OTHER REGULAR MEETINGS. Other regular meetings of the Board shall be held, without call, monthly at such time as the Board shall determine. Notice of all regular meetings shall be posted in a prominent place in the Common Area and communicated to the Directors not less than four (4) days prior to the meeting; provided, however, notice of a meeting need not be given to any Director who has signed a waiver of notice or a written consent to the holding of a meeting.

SECTION 7.8. SPECIAL MEETING. Special meetings of the Board may be called by the President, the Vice President, the Secretary, or by any three (3) Directors. Written notice of the time and place of special meetings shall be posted in the manner prescribed for notice of regular meetings and shall be sent to all Directors by first-class mail not less than four (4) days prior to the scheduled time of the first meeting, or such notice shall be delivered personally or by telephone or telegraph

not less than forty-eight (48) hours prior to the scheduled time of the meeting; provided, however, notice of the meeting need not be given to any Director who has signed a waiver of notice or a written consent to the holding of the meeting, or an approval of the minutes thereof, whether before or after the meeting without protesting prior thereto or at its commencement the lack of notice to such Director. All such waivers, consents, and approvals shall be filed with the corporate records or made a part of the minutes of the meetings.

SECTION 7.9. COMPENSATION AND FEES. Neither the Directors nor the officers of the Association shall receive any monetary compensation for their services performed in the conduct of the business of the Association.

Nothing contained in this Section shall preclude any Director or officer from serving the Association in any other capacity as an agent, employee or otherwise and receiving compensation therefor. Directors and officers of the Association may be reimbursed for expenses incurred in carrying on the business of the Association.

SECTION 7.10. ATTENDANCE AT MEETINGS AND EXECUTIVE SESSIONS. Regular and special meetings of the Board shall be open to all members of the Association; provided, however, that the Members who are not on the Board may not participate in any deliberation or discussion unless expressly authorized by the vote of a majority of a quorum of the Board. The Board may, upon the vote of a majority of a quorum, adjourn a meeting and reconvene in executive session to discuss and vote upon personnel matters, litigation in which the Association is or may become involved, and other matters of business of a similar nature. Only Members of the board shall be entitled to attend executive sessions. The nature of any and all business to be considered in executive session shall first be announced in open session and shall be generally noted in the minutes of the meeting of the Executive Board.

SECTION 7.11. QUORUM. A majority of the Directors shall be necessary to constitute a quorum for the transaction of business except to adjourn as hereinafter provided. Every decision made by a majority of the Directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board.

SECTION 7.12. ADJOURNMENT. A quorum of the Directors may adjourn any Directors' meeting to meet again at a stated date and hour; provided however, that in the absence of a quorum, a majority of the Directors present at the Director's meeting, either regular or special, may adjourn from time-to-time until the time fixed for the next regular meeting of the Board.

SECTION 7.13. WAIVER OF NOTICE. The transactions of any meeting of the Board, however called and noticed or wherever held, shall be as valid as though effected at a meeting to be held after regular call and notice if a quorum be present and if, either before or after the meeting, each of the Directors not present signs a written waiver of notice or a consent to holding such meeting or an approval of the minutes thereof. All such waivers, consents, and approvals shall be filed with the

corporate records or made a part of the minutes of the meeting. Nothing contained herein shall remove the obligation to post the notice of all Directors' meetings on the Common Area.

SECTION 7.14. NOTICE OF ADJOURNMENT. Notice of any adjournment of any Directors' meeting, either regular or special, to another time or place shall be given prior to the time of the adjourned meeting to the Directors who were not present at the time of the adjournment.

SECTION 7.15. ACTION WITHOUT MEETING. Any action required or permitted to be taken by the Board may be taken without a meeting, if all members of the Board, individually or collectively, consent in writing to that action. Such action by written consent shall have the same force and effect as a unanimous vote of the Board.

ARTICLE VIII

OFFICERS

SECTION 8.1. OFFICERS. The officers of the Association shall be a President, a Vice President, a Secretary, and a Treasurer, elected by the members of the Board. The Association may also have, at the discretion of the Board, one (1) or more Assistant Secretaries, one (1) or more Assistant Treasurers and such other officers(s) as may be appointed in accordance with the provisions of Section 8.3 of Article VIII. Officers other than the President need not be Directors. One (1) person may hold two (2) or more offices, except those of President and Secretary.

SECTION 8.2. ELECTION. The officers of the Association, except such officers as may be appointed in accordance with the provisions of Section 8.3 or Section 8.5 of Article VIII, shall be chosen annually by the Board and each shall hold his office until he shall resign, or shall be removed or otherwise disqualified to serve, or his successor shall be elected.

SECTION 8.3. SUBORDINATE OFFICERS. The Board may appoint such other officers as the business of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as are provided in the By-laws or as the Board may, from time-to-time determine.

SECTION 8.4. REMOVAL AND RESIGNATION. Any officer may be removed, either with or without cause, by a majority of the Directors at any time, at any regular or special meeting of the Board, or except in case of an officer chosen by the Board, by any officer upon whom such power of removal may be conferred by the Board.

SECTION 8.5. VACANCIES. A vacancy in any office because of death, resignation, removal, disqualification, or any other cause shall be filled in the manner prescribed in the By-laws for regular appointment to such office.

SECTION 8.6. PRESIDENT. The President shall be the Chief Executive Officer of the Association, and subject to the control of the Board, have general supervision, direction and control of the business and officers of the Association. He shall preside at all meetings of the Members and at all meetings of the Board. He shall be an ex-officio member of all standing committees, including the Executive Committee, if any, and shall have the general powers and duties of management usually vested in the office of President of a corporation, and shall have such other powers and duties as may be prescribed by the Board or by the By-laws. The President shall sign all leases, mortgages, deeds, promissory notes, and other written instruments of the Association.

SECTION 8.7. VICE PRESIDENT. In the absence or disability of the President, the Vice President shall perform all the duties of the President, and when so acting shall have all powers and be subject to all restrictions upon the President. The Vice President shall have such other powers and perform such other duties as from time-to-time may be prescribed for him by the Board or by the By-laws.

SECTION 8.8. SECRETARY. The Secretary, or his or her designee, shall keep a book of minutes at the principal office or such other place as the Board may order of all meetings of Directors and Members, with the time and place of the meeting, whether regular or special, and if special, how authorized, the notice thereof given, the names of those present at the Directors' meetings, the number of memberships present or represented at Members' meetings and the proceedings thereof.

The Secretary, or his or her designee, shall give, or cause to be given, notice of all the meetings of the Members and of the Board required by the By-laws or by law to be given, and shall perform such other duties as may be prescribed by the Board or these By-laws.

SECTION 8.9. TREASURER. The Treasurer, or his or her designee, shall keep and maintain adequate and correct accounts of the properties and business transactions of the Association, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, and surplus. The books shall at all times be open to inspection by any Director.

The Treasurer shall sign all promissory notes of the Association and shall deposit all monies and other valuables in the name of the Association with such depositories as may be ordered by the Board. He shall disburse funds of the Association as may be ordered by the Board, shall render to the President and Directors, whenever they request, an account of all of his transactions as Treasurer and of the financial condition of the Association, and shall have such other powers and perform such other duties as may be prescribed by the Board or these By-laws.

ARTICLE IX

POWERS AND DUTIES OF THE ASSOCIATION

SECTION 9.1. POWERS AND DUTIES OF THE BOARD. Subject to the Declaration, the Articles of Incorporation, and the Nevada non-profit Corporation Law, the Board of Directors shall have the

following powers and duties:

SECTION 9.2. SELECTION OF OFFICERS. To select and remove all the officers, agents, and employees of the Association, prescribe such powers and duties for them as may not be inconsistent with the law, the Articles of Incorporation, these By-laws or the Declaration, and subject to the provisions of Section 7.9 of Article VII of these By-laws, to fix their compensation.

SECTION 9.3. MANAGEMENT OF BUSINESS. To conduct, manage, and control the affairs and business of the Association, and to make such Rules and Regulations not inconsistent with the law, the Articles of Incorporation, these By-laws or the Declaration as they deem best, the Articles of Incorporation, these By-laws or the Declaration as they deem best, including Rules and Regulations for the operation of the Common Area and any recreational facilities owned or managed by the Association.

SECTION 9.4. BORROWING OF MONEY. To borrow money and incur indebtedness for the purposes of the Association, and to cause to be executed and delivered therefor, in the corporate name, promissory notes or other evidence of debt and, with the vote or written assent of two-thirds (2/3's) of the voting power of Members of the Association, to:

- (1) hypothecate, mortgage, pledge or deed in trust any or all of the real or personal property owned by the Association as real security for money borrowed or debts incurred, and
- (2) sell any real or personal property owned by the Association.

SECTION 9.5. INSURANCE. To contract and pay for fire, casualty, liability, fidelity, and other insurance adequately insuring the Association and Owners with respect to the Common Area and the affairs of the Association, which shall include bonding of the members of any management body . Notwithstanding any provisions herein to the contrary, so long as the Federal National Mortgage Association ("FNMA") holds a Mortgage on a Condominium in the Project or owns a Condominium, the Association shall continuously maintain in effect such casualty and liability insurance and fidelity bonds, meeting all requirements and containing such coverage and endorsements as may be required from time-to-time by FNMA.

Casualty insurance shall include a condominium master or blanket policy with full replacement cost coverage and an agreed value endorsement. Whether or not FNMA holds any mortgage, fidelity insurance shall be in the form of a bond in an amount equal to one hundred fifty percent (150%) of the Association's annual assessments plus reserves which protect against misuse or misappropriation of Association property by members of the Board of Directors, officers, and employees of the Association, and any management agent and his employees, whether or not such persons are compensated for their purposes.

SECTION 9.6. PAYMENT OF COMMON AREA UTILITIES. To pay all charges for water,

electricity, gas, and other utility services for the Common Area and to the extent not separately metered or charged, for each Living Unit.

SECTION 9.7. MANAGEMENT OF COMMON AREA. To manage, operate, maintain, and repair the Common Area and all improvements located thereon, including any parking and drainage facilities; and to restore and replace any of the buildings, structures, and improvements which are part of the Common Area at any time as the Board may determine necessary; and to make capital expenditures for and on behalf of the Association with the vote or written assent of fifty-one percent (51%) of the Members of the Association.

SECTION 9.8. RIGHT TO ENTER. To enter any Exclusive Use Area or Living Unit, subject to the limitations set forth in the Declaration. Section 4.4 of the Covenants, Conditions and Restrictions states: For the purpose of performing the maintenance of the Common Area, for repair or prevention of damage to another Living Unit, or for any other purpose reasonably related to the performance by the Board of its responsibilities under this Declaration, the Association's agents or employees shall have the right to enter any Living Unit, or portion of the Common Area to effect emergency repairs. For other than emergency repairs, the Association's agents or employees shall have the right to enter any Living Unit or any portion of the Common Area to effect repairs, improvements, replacements, or maintenance which the Association, after approval by a majority vote of the Board, reasonably deems necessary. Such entry shall be made with as little inconvenience to the owner as possible by the Association. Further, such entry, for other than emergency repairs, shall be made only after not less than three (3) days notice has been given to the Owner. In an "emergency situation," a Living Unit may only be entered by two (2) people, one of whom shall be a Member of the Board.

SECTION 9.9. RIGHT TO ENFORCE. To enforce the provisions of the Declaration, the Articles of Incorporation, and the By-laws of the Association, the Rules and Regulations adopted by the Board and the provisions of any agreement to which the Association is a party.

SECTION 9.10. RIGHT TO CONTRACT. To contract and pay for goods and services relating to the Common Area, and to employ personnel necessary for the operation and maintenance of the same, including legal and accounting services. Notwithstanding anything to the contrary:

- (a) The term of any contract with a third person or party for supplying goods or services to the Common Area or for the Association shall not exceed a term of one (1) year.
- (b) The Board shall not terminate professional management of the Condominium Property and assure self-management when professional management has been previously required by any Eligible Mortgagor Holder or Eligible Insurer or Guarantor without the vote or written assent of seventy-five percent (75%) of the Members of the

Association.

SECTION 9.11. PAYMENT OF TAXES ON COMMON AREA. To pay any taxes and governmental special assessments which are or could become a lien on the Common Area or any portion thereof.

SECTION 9.12. ADOPTION OF RULES. To adopt reasonable Rules and Regulations not inconsistent with the provisions contained in the Declaration, and to amend the same from time-to-time relating to the use of the Common Area and the facilities located thereon.

SECTION 9.13. RIGHT TO SUSPEND. To suspend the voting rights and the right to use the recreational facilities located on the Common Area of a Member who is in default in the payment of any assessment, as provided in Article V of these By-laws.

SECTION 9.14. PREPARATION OF BUDGETS AND FINANCIAL STATEMENTS. To prepare budgets and financial statements for the Association as provided in these By-laws.

SECTION 9.15. NOTIFICATION OF MORTGAGEE. Upon written request to the Association, identifying the name and address of the Holder, Insurer or Guarantor and the Condominium number or address, any Eligible Mortgage Holder or Eligible Insurer or Guarantor, will be entitled to timely written notice of:

- (a) Any condemnation loss or casualty loss which affects a material portion of the project or any Condominium on which there is a first mortgage held, insured or guaranteed by such Eligible Mortgage Holder or Eligible Insurer or Guarantor, as applicable.
- (b) Any delinquency in the payment of assessment or charges owed by an Owner of a Condominium subject to a first mortgage held, insured, or guaranteed by such Eligible Mortgage Holder or Eligible Insurer or Guarantor, which remains incurred for a period of sixty (60) days.
- (c) Any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association;
- (d) Any proposed action which would require the consent of a specified percentage of Eligible Mortgage Holders as required in these By-laws or in the Declaration.

SECTION 9.16. RIGHT TO LITIGATE. To prosecute or defend, in the name of the Association, any action affecting or relating to the Common Area or the property owned by the Association, and any action in which all or substantially all of the Owners have an interest.

SECTION 9.17. RIGHT TO DELEGATE. To delegate any of its powers hereunder to others, including committees, officers, and employees.

SECTION 9.18. RIGHT TO SELL. As permitted in the Declaration, to sell the Condominium

Property for the benefit of all of the Owners and their Mortgagees (excepting the Administrator of the VA), as their interest may then appear, at such price and upon such terms as the Board may determine reasonable.

SECTION 9.19. AVAILABILITY OF DOCUMENTATION. To make available to any prospective purchaser of a Condominium, any Owner of a Condominium, any first mortgagee, and the holders, insurers, guarantors of a first on any Condominium, current copies of the Declaration, the Articles of Incorporation, the By-laws, Rules and Regulations governing the Condominium, and all other books, records, and financial statements of the Association. "Available" as used in this Section shall at least mean available for inspection upon request during normal business hours or under other reasonable circumstances.

SECTION 9.20. USE OF COMMON AREA. To permit suppliers to use portions of the Common Area necessary to the ongoing development and operation of the Project.

SECTION 9.21. AUTHORIZATION TO CONTRACT. To authorize any officer or agent to enter into any contract or execute any instrument in the name and on behalf of the Association. Such authorization may be general or confined to specific instances, and unless so authorized by the Board, no officer, agent, or employee shall have any power or authority to bind the Association by any contract or engagement or to pledge its credit or to render it liable for any purpose or for any amount.

SECTION 9.22. DUTY TO MAKE RECORDS AVAILABLE FOR INSPECTION. To keep in its principal office for the transaction of business or at such place within the Condominium Property as the Board shall prescribe the original or a copy of the By-laws as amended or otherwise altered to date, certified by the Secretary, a membership register, books of accounts and copies of minutes of all membership, Board, and committee meetings, and of which shall be made available for inspection and copying by any Member of the Association, or by any Member's duly appointed representative and by all first mortgagees, at any reasonable time and for a purpose reasonably related to his interest as a Member or mortgagee. The Board shall establish reasonable rules with respect to the following:

- (a) Notice to be given to the custodian of the records by the Member or Mortgagee desiring to make the inspection;
- (b) Hours and days of the week when such an inspection may be made; and
- (c) Payment of the costs of reproducing copies of documents requested.

Every Director shall have the absolute right at any reasonable time to inspect all books, records, and documentation of the Association. The right of inspection by a Director shall include the rights at his expense to make extracts and copies of documents.

SECTION 9.23. FINANCIAL STATEMENTS. An annual report consisting of the following to be

distributed within one hundred twenty (120) days after the close of the Association's fiscal year:

- (a) a balance sheet as of the end of the fiscal year;
- (b) an income and expense statement for the fiscal year;
- (c) a statement of changes in financial position for the fiscal year;
- (d) any information required to be reported under the Nevada Corporation Code.

The annual report referred to above shall be prepared by a certified public accountant for each fiscal year. A copy of the annual financial report will be provided to each Member of the Association.

SECTION 9.24. BUDGET. To cause to be prepared an operating budget for each fiscal year of the Association, a copy of which shall be distributed personally or by mail to each of the Members of the Association not fewer than sixty (60) days prior to the beginning of the fiscal year to which the budget relates.

SECTION 9.25. FISCAL YEAR. The fiscal year of the Association shall begin on the first day of April and end on the thirty-first day of March each year. The Board of Directors shall have the authority to change the fiscal year at its discretion.

SECTION 9.26. CHECKS. To cause to be issued checks, drafts, or other orders for payment of money, notes, or other evidences of indebtedness, in the name of or payable to the Association, which shall require two signatures, one of which must be the President, the Secretary, or the Treasurer.

SECTION 9.27. AUDITED FINANCIAL STATEMENT. If the Project contains fifty (50) or more Condominiums, then a Holder, Insurer, or Guarantor of a first mortgage shall be entitled, upon written request, to an audited financial statement for the immediate preceding fiscal year, free of charge to the party so requesting it.

ARTICLE X

AMENDMENTS

SECTION 10.1. AMENDMENTS. The following procedures are to be taken when making amendments to these By-laws:

- (a) The By-laws may be amended or repealed by a majority vote of a quorum of fifty percent plus one (50% + 1) of the total voting power of the Association.
- (b) Only a majority vote of the Board of Directors is necessary for the purpose of correcting technical errors or for providing clarification.

I, the undersigned, do hereby certify that:

- (a) I am the duly elected President of SPRING OAKS II HOMEOWNERS ASSOCIATION, a Nevada non-profit corporation; and
- (b) the foregoing By-laws, comprising of twenty (20) pages, constitute the By-laws of said corporation duly adopted by a majority vote of the Members on the _____ day of March, 1999.

IN WITNESS HEREOF, the undersigned, being President of the Association herein, has executed this instrument to be effective as of the 1st day of November, ~~1999-2000~~.

Robert Budav
SEC.

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